

SECTION III

PART O POLICY GUIDELINES FOR CAPITAL OUTLAY EXPENDITURES

1.00 Capital Outlay Allocations

- 1.01 Utilization of capital outlay allocations must be in accordance with Sections 1.(4) and 1.(7) of the headnotes and footnote 33 of SB 250 (1985 Appropriations Act).

Appropriations made for capital outlay can be used only to purchase items described in Section 1.(4) of the headnotes and such appropriations are not subject to transfer to other line items.

Expenditures of funds must be in accord with Section 1.(8) of the headnotes which require agencies to purchase such goods as are produced by the Division of Correctional Industries from the Division.

- 1.02 Direct formula allocations are based on replacement of existing General Fund equipment inventory and expenditure priorities should consider equipment which has exceeded its useful life, as determined by general depreciation schedules.

- 1.03 Capital outlay "supplemental" allocations beyond formula needs will be considered where such needs are justified as being directly associated with the implementation of legislative intent adopted during the most recent legislative session. Justifications must demonstrate:

The direct cost relationship to the implementation of the legislative intent; and

The extent to which such prior fiscal year special one-time needs have or have not been implemented through the appropriations, and the extent to which a "supplemental" allocation is essential to Budget Request Year implementation of such legislative intent.

- 1.04 Agencies with Formula Allocations less than \$10,000 will be considered for Supplemental Allocations for extraordinary equipment with unit costs in excess of \$1,000. The maximum Supplemental Allocation for extraordinary equipment cost items is \$1,000. Formula exception needs will be considered as specified and justified in the Budget Request Year document submitted to the Joint Budget Committee or other justified-need request consistent with the request year appropriated operating budget.

- 1.05 Special one-time needs for supplemental allocations, other than to implement specific legislative intent or for extraordinary equipment costs (as defined in Policy Guideline 1.04 above), are considered matters of agency prioritization rather than Department of Higher Education priorities. Such needs should be accomplished within the formula allocations of capital outlay funds. Agencies should plan for contingencies in managing these allocations.

- 1.06 Capital Outlay Reserve Funds have been centrally appropriated to the Department of Administration, Division of Accounts and Control, for essential capital outlay needs of agencies whose direct allocations are insufficient to meet critical operating needs. Written requests for "supplemental" allocations are to be submitted, through the Department of Higher Education, along with documentation to justify the critical operating need and the impact of the equipment on the agency's program performance.
- 1.07 Motor Vehicle Capital Outlay Reserve Funds have been centrally appropriated to the Department of Administration, Division of Accounts and Control, for the purchase of motor vehicles as requested by state agencies. It is legislative intent that titles to such vehicles shall remain with the state motor pool and that such vehicles may be assigned to the various state agencies. Motor vehicle purchases may be requested through the Department of Higher Education.

2.00 Limitations

- 2.01 No new equipment in support of educational programs or general administrative services is to be acquired where such programs or FTE positions were transferred during the two prior fiscal years in implementation of organizational changes. Prior equipment in use at the time of the organizational change must be organizationally transferred. Allocation adjustments equal to costs for such new equipment will be transferred as an alternative.
- 2.02 Replacement of motor vehicles is determined by the Division of Purchasing, according to a cost-benefit analysis. A reserve fund for motor vehicle replacement compensates for any differences in the sale price of replaced vehicles and the sale value determined by depreciation schedules used in calculating motor vehicle replacement costs. The Division of Accounts and Control establishes procedures for allocations from the reserve fund, pursuant to the 1985 Appropriations Act.

3.00 Technical Instruction for Capital Outlay Expenditures

- 3.01 Record spending authority on Central Accounting System (CAS) Form 243 (Rev. '76) for capital outlay allocations previously approved by the Commission. These forms must be submitted to CCHE for approval and transmittal to Accounts and Control.
- 3.02 Requests for reimbursements of capital outlay expenditures are to be submitted quarterly, beginning September 30, on a CAS Interagency Voucher (Form 221-74). Support documentation for this request is required by the Commission in the same category as required by OSPB Capital Outlay Budget Format 480:
- Minor remodeling or improvements;
 - Equipment replacement and updating;
 - New equipment for changed programming and/or expanded workload.

SUPPORT DOCUMENTATION FOR
REQUEST FOR REIMBURSEMENT OF CAPITAL OUTLAY EXPENDITURES

Quarter and Year to Date Ended _____

Agency _____

Object	(1) FY 1983-84 Budget	(2) Expenditures for Quarter Ended	(3) Expenditures for Year to Date	(4) Outstanding Encumbrances	(5) Balance of Allocation
Minor Remodeling for Improvements					
Equipment Replacement and Updating					
New Equipment					
Motorized Vehicles and General Purpose					
TOTAL					

- Instructions:
1. Line (1) less lines (3) and (4) equal line (5).
 2. Budget total should not exceed allocation.

NAME OF PERSON SUBMITTING REPORT: _____